



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 993 741 345
Organisasjonsform: Aksjeselskap
Foretaksnavn: TIDAL MUSIC AS
Forretningsadresse: Lakkegata 53
0187 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Heerman Johre
Dato for fastsettelse av årsregnskapet: 28.11.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.11.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	1,9	1 371 193 721	1 219 930 056
Sum inntekter		1 371 193 721	1 219 930 056
Kostnader			
Varekostnad		1 029 272 817	978 509 692
Lønnskostnad	3	159 687 094	114 009 460
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	883 403	0
Annen driftskostnad	3	134 521 277	117 324 541
Sum kostnader		1 324 364 591	1 209 843 693
Driftsresultat		46 829 130	10 086 363
Finansinntekter og finanskostnader			
Annen renteinntekt	12	0	1 360
Annen finansinntekt	12	159 730 350	65 505 016
Sum finansinntekter		159 730 350	65 506 376
Annen rentekostnad	12	2 323 532	788 306
Annen finanskostnad	12	58 444 348	132 450 157
Sum finanskostnader		60 767 880	133 238 463
Netto finans		98 962 470	-67 732 087
Ordinært resultat før skattekostnad		145 791 600	-57 645 724
Allowance for potential tax liability	1,4	55 613 323	8 090 203
Ordinært resultat etter skattekostnad		90 178 277	-65 735 927
Årsresultat		90 178 277	-65 735 927
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		90 178 277	-65 735 927
Sum overføringer og disponeringer		90 178 277	-65 735 927



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	5	203 611	203 611
Sum immaterielle eiendeler		203 611	203 611
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	3 906 936	2 931
Sum varige driftsmidler		3 906 936	2 931
Finansielle anleggsmidler			
Andre fordringer	7	6 226 500	6 226 500
Sum finansielle anleggsmidler		6 226 500	6 226 500
Sum anleggsmidler		10 337 047	6 433 042
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	8	72 372 008	8 318 627
Konsernfordringer	11	800 732 871	1 394 687 289
Sum fordringer		873 104 879	1 403 005 916
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7	162 721 621	5 905 084
Sum bankinnskudd, kontanter og lignende		162 721 621	5 905 084
Sum omløpsmidler		1 035 826 500	1 408 911 000
SUM EIENDELER		1 046 163 547	1 415 344 042

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Selskapskapital	2,6	100 200	100 000
Overkurs	6	603 693 293	84 905 842
Annen innskutt egenkapital	6	33 697 873	8 363 621
Sum innskutt egenkapital		637 491 366	93 369 463
Opptjent egenkapital			
Udekket tap	6	341 045 635	431 223 912
Sum opptjent egenkapital		-341 045 635	-431 223 912
Sum egenkapital		296 445 731	-337 854 449
Gjeld			
Langsiktig gjeld			
Allowance for potential tax liability	4	64 171 208	8 653 890
Sum avsetninger for forpliktelser		64 171 208	8 653 890
Annen langsiktig gjeld			
Sum langsiktig gjeld		64 171 208	8 653 890
Kortsiktig gjeld			
Leverandørgjeld		60 263 886	316 016 544
Skyldige offentlige avgifter		8 766 129	3 618 761
Kortsiktig konserngjeld	11	231 125 701	831 241 217
Annen kortsiktig gjeld	13	385 390 892	593 668 077
Sum kortsiktig gjeld		685 546 608	1 744 544 599
Sum gjeld		749 717 816	1 753 198 489
SUM EGENKAPITAL OG GJELD		1 046 163 547	1 415 344 040



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

TIDAL MUSIC AS

ANNUAL REPORT 2021

Org nr 993.741.345

BUSINESS DESCRIPTION

TIDAL Music AS (the "Company") is part of the TIDAL group of companies ("TIDAL" or "the Group"). TIDAL offers periodic subscription services in 61 countries worldwide in standard and Hifi sound quality. Artists use TIDAL to help them succeed as entrepreneurs and connect more deeply with their fans.

TIDAL Music AS' primary purpose is to provide intra-group services to other TIDAL companies, by developing a complete solution for streaming and downloading music and video content for delivery to consumers, both directly and through partners, using streaming technology. The Company also enters into licensing agreements with record labels, which give TIDAL the rights to distribute music on its platform. The Company is compensated primarily by other TIDAL companies for these licensing costs, as well as for platform development and operating costs incurred. The Company has its business office in Oslo, Norway.

On 30 April, 2021, Block Inc. ("Block"), a US company listed on the New York Stock Exchange, acquired a majority ownership interest in TIDAL.

GOING CONCERN

The Company has been in a start-up and investment phase where considerable funds have been spent on building up the organization and developing the product. Growth in the Group's sales both directly to consumers, and through partners, means that the Company has good prospects for revenue growth as an internal service provider.

At December 31, 2021, the Company has significant receivables from certain group companies totaling NOK 801 million (2020: NOK 1,395 million) which arise primarily from the charges issued to those companies for the costs to operate the platform, and the use of licensed intellectual property (i.e. royalty costs). In addition, the Company has payables due to other group companies totaling NOK 231 million (2020: NOK 831 million), which arise primarily from the ongoing funding of the Company's operations to meet its day-to-day cash flow needs.

The Accounts Payables and Accrued Royalty costs of the Company totalling NOK 60 million and NOK 366 million respectively (2020: NOK 316 million and NOK 575 million) primarily arise from the Company's obligations to licensors and performing rights societies in respect of licensed music content that streams on the TIDAL platform.



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

During 2021 Block has made capital contributions into the Company totalling NOK 519 million. The Board of Directors of the Company (the "Board") notes that if additional financing is needed, Block has a policy of financially supporting its subsidiaries. Based on the foregoing, the Board concludes that there is no significant doubt about the Company's ability to continue its operations, and the financial statements have been prepared under the going concern presumption.

FUTURE DEVELOPMENT

In 2021 following capital contributions made into the Company as part of and subsequent to the acquisition of TIDAL by Block, the Company's equity has been fully restored. The Board assesses that the Company's liquidity situation as of the balance sheet date indicates that there is sufficient financing for the coming 12-month period. If events occur that require additional capital, Block has a policy to contribute capital to its subsidiaries as needed. Furthermore, the Board is of the opinion that the Company is a going concern, and the financial statements for 2021 are prepared under this assumption. The Board will continue to monitor equity in the future in order to be able to identify a possible capital shortage.

THE PROSPECTS OF THE COMPANY

Developments in the market and access to new customers for TIDAL indicate an increase in the Company's revenue. The Company expects a continued increase.

WORK ENVIRONMENT

As of 31 December 2021 the Company has 136 employees (2020: 123). The Board believes the working environment in the Company is satisfactory. Total sick leave in 2021 was 2.02% (2020:1.17%). No injuries or accidents occurred during the year.

EQUALITY

As of December 31, 2021, the Company has 136 employees, of whom 28 are women (2020: 123 employees, 25 women). Based on an assessment of the number of employees, the Board did not deem it necessary to take special measures with regard to gender equality, but it will continue to work with an aim to uphold gender equality in the Company's business. The Board of directors will continue to work to achieve better equality in the business. As of December 31, 2021, TIDAL Music AS had two male board members.

DISCRIMINATION

As an employer, the Company wants to promote equality. We do not discriminate on the basis of gender, pregnancy, leave or birth, care processes, ethnicity, religion, vision, disability, sexual orientation, gender identity and expression, age or other important matters mentioned in section 1, first paragraph of the Equality and Discrimination Act.

ENVIRONMENTAL



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

The Company's services do not have a significant impact on the external environment.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the parent entity, Block, paid a premium with respect to a D&O insurance agreement insuring the directors and executives of the Company against any liability to the extent permitted by applicable law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

FINANCIAL RISK MANAGEMENT

In its business, the Company is exposed to various financial risks such as currency, interest rate, credit, and liquidity risk.

Currency risk:

The Company's currency exposure is mainly related to the translation risks on royalty related accounts payable and accruals, which are typically denominated and settled in currencies other than NOK. The Company also has a currency risk associated with balances between it and its parent companies, as well as with other TIDAL subsidiaries.

Currently, there is no hedge for these exposures. Currency flows arising in connection with purchases and sales in foreign currency are of a short-term nature and currency is not hedged. Exchanges take place as needed, and the various companies also have currency accounts for the most important currencies to minimize fluctuations. The most important currencies for the Company's sales and purchases are NOK, USD, EUR and GBP.

Interest rate risk:

The Company's interest rate risk can be attributed to changes in market interest rates and their impact on interest-bearing assets. These interest-bearing assets amounted to NOK 163 million (2020: NOK 6 million) which were primarily bank funds. The Company has no interest-bearing loans.

Credit risk:

The Company strives for the best possible credit rating with its counterparties. The Company's main credit risk exposure is on its receivables with certain group companies totaling NOK 801 million (2020: NOK 1,395 million) which arise primarily from the charges issued to those companies for the costs to operate the platform, and the use of licensed intellectual property (i.e. royalty costs). The Directors consider this risk to be limited given the exposure is intercompany and that if additional financing is needed by a group company in order to settle its payables with the Company, such financing will likely be secured from that entity's owners. Historically, loan losses have been low.

Liquidity risk:



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS's cash and cash equivalents, which consisted of bank accounts at the end of the year, amounted to NOK 163 million (2020: NOK 6 million). The increase in the cash balance is primarily attributable to the capital contributions made by Block during 2021. The Company's liquidity situation as of the balance sheet date indicates that there is sufficient financing for the coming 12-month period. If events occur that require additional capital, Block has a policy to contribute capital to its subsidiaries as needed.

RESEARCH AND DEVELOPMENT ACTIVITIES:

The Company has continued to develop its music solution for streaming. Development costs are expensed as incurred.

PROFIT AND LIQUIDITY

Sales in 2021 were NOK 1,371 million (2020: NOK 1,229 million). The Company's operating profit for 2021 was NOK 47 million (2020: NOK 10 million). Net profit for the year was NOK 90 million (2020: Net loss of NOK 66 million).

The Company's equity at year-end is NOK 296 million (2020: NOK -338 million).

The music streaming industry in which TIDAL Music AS operates provides favorable dynamics of working capital for streaming services, as revenue is usually collected in advance for the following month from our direct subscribers, while certain vendor debt matures in subsequent months.

The Company's liquidity profile has improved significantly in 2021 due to the capital contributions of NOK 519 million made by Block at, and subsequent to acquisition, resulting in cash balances of NOK 163 million at the balance sheet date (2020: NOK 6 million). The contributions received have been used to fund the operations of the Company including the settlement of payables and accrual balances, particularly related to royalties.

The net movement in payables and accruals year over year of NOK 523 million is the principal driver of the difference between the operating result of NOK 47 million and the cash flows from operating activities of NOK -351 million in 2021. Another significant driver of this difference is the net gains on foreign exchange in 2021 of approximately NOK 101 million.

ANNUAL RESULTS AND DISPOSALS

The annual result is NOK 90,178,277. Allocation:

Transferred to uncovered loss	90,178,277 NOK
Total disposable	90,178,277 NOK



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

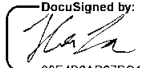
ACCURATE AND FAIR PRESENTATION

The Board believes that the annual accounts give a true and fair view of the Company's assets, liabilities, financial position and earnings.

28 November, 2022

Oslo,

Board of Directors of TIDAL Music AS

DocuSigned by:

38E4B6AD97CC419...

Herman Johre

Chairman of the Board

DocuSigned by:

186E3D0A575144F...

Jesse Dorogusker

Director



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Financial statement
Tidal Music AS
2021



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Income statement for the period 1st January to 31st December

	Notes	2021	2020
Sales revenues	1, 9	Kr 1 371 193 721	1 219 930 056
Operating expenses			
Cost of sales		1 029 272 817	978 509 692
Salary and personnel costs	3	159 687 094	114 009 460
Depreciation	5	883 403	0
Other operating expenses	3	134 521 277	117 324 541
<i>Total operating expenses</i>		1 324 364 591	1 209 843 693
Operating result		46 829 130	10 086 363
Financial income and expense			
Other interest income	12	0	1 360
Other financial income	12	159 730 350	65 505 016
Other interest expenses	12	2 323 532	788 306
Other financial expenses	12	58 444 348	132 450 157
<i>Net financial result</i>		98 962 470	(67 732 087)
Ordinary result before taxes		145 791 600	(57 645 724)
Tax on ordinary result	4	0	0
Allowance for potential tax liability	1, 4	55 613 323	8 090 203
Net result for the period		90 178 277	(65 735 927)
Allocations			
To uncovered loss		90 178 277	(65 735 927)



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Balance sheet as of 31st December

Assets

	Notes	2021	2020
Fixed assets			
Intangible fixed assets			
Trademarks and licenses	5	203 611	203 611
Tangible fixed assets			
Operating movable property, furniture, other	5	3 906 936	2 931
Financial assets			
Other long-term receivables	7	6 226 500	6 226 500
Total fixed assets		10 337 046	6 433 041
Current assets			
Debitors			
Other short-term receivables	8	72 372 008	8 318 627
Other short-term receivables group companies	11	800 732 871	1 394 687 289
Total receivables		873 104 879	1 403 005 916
Cash and bank deposits	7	162 721 621	5 905 084
Total current assets		1 035 826 500	1 408 911 000
Total assets		1 046 163 546	1 415 344 041



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Balance sheet as of 31st December Equity and liabilities

	Notes	2021	2020
Equity			
Restricted equity			
Share capital	2, 6	Kr 100 200	100 000
Share premium	6	603 693 293	84 905 842
Other equity	6	33 697 873	8 363 621
Total restricted equity		637 491 366	93 369 463
Retained earnings			
Uncovered loss	6	(341 045 635)	(431 223 912)
Total equity		296 445 731	(337 854 448)
Liabilities			
Allowance for liabilities			
Allowance for potential tax liability	4	64 171 208	8 653 890
Total long-term liabilities		64 171 208	8 653 890
Short-term liabilities			
Accounts payable		60 263 886	316 016 544
Public duties payable		8 766 129	3 618 761
Intercompany liabilities	11	231 125 701	831 241 217
Other short term liabilities	13	385 390 892	593 668 077
Total short-term liabilities		685 546 608	1 744 544 600
Total liabilities		749 717 816	1 753 198 490
Total equity and liabilities		1 046 163 546	1 415 344 041

Oslo, 28.11.2022
The board of Tidal Music AS

Herman Kristiansen Johre
Chairman of the board

Jesse Lee Dorogusker
Board member



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Cash flow analysis 2021

	Notes	2021	2020
Ordinary result before tax		Kr 145 791 600	(57 645 724)
Depreciation	5	883 403	0
Share-based compensation expense		25 334 252	0
Change in stocks, trade debtors and accounts payable		(255 752 658)	26 646 636
Change in provisions, accruals and prepaid expenses		(267 279 203)	58 538 953
Net cash from operating activities	A	(351 022 606)	27 539 865
Cash from investing activities			
Investment in property and equipment		(4 787 410)	0
Net cash from investing activities	B	(4 787 410)	0
Cash from financial activities			
Capital increase		518 787 651	0
Change in short-term balances to group companies		(6 161 098)	(29 859 330)
Net cash from financial activities	C	512 626 553	(29 859 330)
Net change cash and cash equivalents during the period	A+B+C	156 816 539	(2 319 463)
Cash and cash equivalents at the start of the period		5 905 084	8 224 547
Cash and cash equivalents at the end of the period		162 721 621	5 905 084



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

1. Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Revenues

The company provides platforms, content services and licensed intellectual property to other companies in the group. Services are recognized as income in line with the execution. Revenues related to the delivery of intellectual property to the group company's end user are recognized as income at the time of delivery. The share of sales revenues related to future services is recognized in the balance sheet as unearned income from the sale, and is recognized as income in line with the delivery of the services.

Cost of Sales

Costs of sales are incurred based on the use of services by the end user and are booked using the accruals principle. Cost of sales consists primarily of royalty costs to record labels and other licensees.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Receivables

Group receivables and other receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables.

Foreign currency conversion

Transactions in foreign currency are converted at the rate applicable on the transaction date. Monetary items in a foreign currency are converted into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are converted into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are converted at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Fixed assets

Fixed assets are recognized at cost, with deductions for accumulated depreciation and write-down. If the fair value of a fixed asset is lower than book value, and the decline in value is not temporary, the fixed asset will be written down to fair value. Maintenance of fixed assets is continuously booked to operating cost. Major replacement and improvements which significantly improve the fixed assets useful life, are added to the purchase price of the assets.



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

Provisions

Provisions are recognised when there is a legal or constructive obligation arising from a past event, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The timing or amount of the outflow may still be uncertain.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are only utilised for the expenditure for which the provision was originally intended. Provisions are discounted at their present value where the time value of money is material, and are reported in the Provisions for Liabilities in the Balance Sheet.

Taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions. The company has recorded no deferred tax assets as of 31 December, 2021 and 2020.

Research and development

In accordance with The Norwegian Bookkeeping Act §5-3, the company continuously charges its expenses for research and development, which mainly consists of the development of a digital platform for streaming music.

Tax Refund (SkatteFUNN)

Public grants in connection with research and development are accounted for when there is reasonable assurance that the company will meet the conditions associated with the grants. Operating grants are recognized in a systematic manner over the grant period. Grants are deducted from the cost that the grant is intended to cover.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Use of estimates

In preparing the annual accounts, the company's management has used estimates based on best judgment and assumptions that are considered realistic. Situations or changes may occur in market conditions that may lead to changed estimates, and thus affect the company's assets, liabilities, equity and result. The company's most significant accounting estimates are related to the following items:

- Royalties to rights holders
- Nominal value of group receivables
- Potential tax liability

Royalties to rights holders are allocated on the basis of the maximum obligation related to the underlying agreements. There is a risk that rights are claimed several times, this risk has been taken into account in the management's estimate.

The nominal value of group receivables is assessed at fair value less estimated losses on receivables. Management estimation of losses is made on the basis of expected future earnings and the group companies' future ability to settle the receivables. It is assumed that the entire group is provided with sufficient capital from its owners so that all companies can continue their businesses and settle their obligations.

The Company has estimated potential tax liabilities in respect of uncertain tax positions as discussed in Note 4 to the financial statements.



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

Contingent liabilities

If in the company's opinion it is probable that an uncertain obligation will be settled, and the value of the settlement can be estimated reliably, the obligation is expensed in the income statement and included as a provision for liabilities in the balance sheet.

Allowance for liabilities

The company is subject to indirect tax laws in various parts of the world. In conjunction with Block Inc's acquisition of TIDAL in 2021 potential indirect tax liabilities were identified and provisions have been made in the financial statements for these in accordance with current accounting rules.

Share-based payment transactions

Certain qualifying employees and directors of the Company are remunerated on a long-term basis through the granting of restricted stock units ("RSUs") in the Ultimate Parent company Block Inc. Employees are entitled to RSUs in accordance with the Block global policy. RSUs granted under the 2015 plan generally vest over four years.

RSUs given to employees are recognized as an expense based on the fair value as of the grant date. The fair value of RSUs is determined using the closing price of Block's common stock on each grant date. Share-based compensation expense is recorded using the accelerated method over the requisite service period.

The cost of equity settled transactions is recognized as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest, and the expired portion of the vesting period. The amount recognized in the profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognized in previous periods. Under this program, RSUs will vest if the participant remains employed for the agreed vesting period.

Eligible employees can also participate in Block Inc's 2015 Employee Stock Purchase Plan ("ESPP"). The ESPP allows eligible employees to purchase shares of Block's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP provides for 12 month offering periods. Each offering period includes two purchase periods which being on the first trading day on or after November 15 and May 15, and ending on the last trading day on or before May 15 and November 15, respectively. Employees are able to purchase shares at 85% of the lower of the fair market value of Block's common stock on the first trading day of the offering period or the last trading day of the purchase period. The fair value of the grants under the ESPP is determined at the commencement date of the offering period using an option valuation model, and is recognized as expense on a straight line basis over the respective purchase periods.



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

2. Share capital and shareholder information

	Number of shares	Nominal value	Recorded
Information about the shares	100	1 002	100 200

All shares are given the same rights. The shares are 100 % owned by Tidal SP Z.O.O. Warsaw , Poland.

The Company's annual accounts are included in the consolidated accounts of Block Inc.
The consolidated financial statements of Block Inc are available from www.investors.block.xyz

3. Wages, employees and allowances

Payroll expenses	2021	2020
Salaries	110 840 433	96 002 206
Social security	16 426 630	14 102 846
Pension cost	3 368 714	2 885 023
Share-based incentives	25 807 269	0
Other allowances	3 244 049	1 019 385
Total	159 687 094	114 009 460

Number of employees

Average number of man-labour year	142	123
-----------------------------------	------------	-----

Norwegian companies are required by law to have a service pension plan according to the mandatory occupational pensions act. The company's pension scheme is in compliance with the law.

Following the acquisition by Block Inc in 2021, the Company's employees have received share-based incentives as part of their compensation.

Allowances to management and board members

The company has not employed a general manager.
Directors' remuneration of NOK 183,336 was paid in 2021

Auditor	2021	2020
Statutory audit	515 000	660 000
Other Services	75 000	75 200
Tax advice	65 000	208 510



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

4. Taxes

Income tax expenses	2021	2020
Changes in deferred tax	0	0
Income tax payable	0	0
Total	0	0

Tax base calculation	2021	2020
Net result before tax	145 791 600	(57 645 724)
Allowance for potential tax liability	(55 613 323)	(8 090 203)
Permanent differences	25 807 269	0
Changes in temporary differences	54 586 092	5 226 995
Tax loss to be carried forward	(170 571 638)	60 508 932
Taxable income	0	0
Tax payable estimated (22 %)	0	0

Temporary differences	Change	2021	2020
Fixed assets	(931 226)	(145 449)	(1 076 675)
Provisions	55 517 318	(64 171 208)	(8 653 890)
Taxable loss carried forward	(170 571 638)	(227 934 036)	(398 505 674)
Total temporary differences	(115 985 546)	(292 250 693)	(408 236 239)
Deferred tax / (deferred tax assets)	(25 516 820)	(64 295 152)	(89 811 973)
Tax rate		22 %	22 %

As of 31.12.2021 the company has estimated a nominal deferred tax benefit of NOK 64.295.152 which are not capitalized based on historical results.

Uncertainty over income tax treatments

Management has assessed matters for which there is uncertainty over income tax treatments. This assessment resulted in the recognition of a cumulative tax expense for the company. The underlying tax matters were identified as part of Block's acquisition of the Company in 2021 and are reported in the financial statements for 2020 and 2021. This assessment resulted in the recognition of a cumulative tax expense for the company of NOK 55,6 million in 2021 (2020: NOK 8,1 million)



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

5. Tangible and Intangible assets

	Operating equipment, computers	Licenses	Total
Acquisition cost 01.01	13 529 084	3 115 495	16 644 579
Acquisitions during the year	4 787 410	0	4 787 410
Acquisition cost 31.12	18 316 494	3 115 495	21 431 989
Accumulated depreciation 01.01	13 526 152	2 911 884	16 438 036
This years depreciation	883 403	0	883 403
Accumulated depreciation 31.12	14 409 555	2 911 884	17 321 439
Net value 31.12	3 906 936	203 611	4 110 547
Depreciation method	Linear	Linear	
Depreciation rate	3 years	3 years	

6. Equity

	Share capital	Share premium	Other equity	Uncovered loss	Total
Equity 01.01	100 000	84 905 843	8 363 621	(431 223 912)	(337 854 448)
Net result for the period	0	0	0	90 178 277	90 178 277
Share-based incentives for employees	0	0	25 334 252	0	25 334 252
Capital increase	200	518 787 450	0	0	518 787 650
Equity 31.12	100 200	603 693 293	33 697 873	(341 045 635)	296 445 731

7. Mandatory deposits/reserves

	2021	2020
Restricted bank deposits for employees' tax withholding funds	5 342 233	4 255 446
Deposits	6 226 500	6 226 500
Total	11 568 733	10 481 946

The deposit mentioned in the table is classified as Other long-term receivables.



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

8. Other short-term receivables

	2021	2020
Tax-Refund (skatteFUNN)	4 500 000	4 500 000

No contribution from tax discoveries has been recognized for the financial year 2021. The receivable related to tax discoveries is the same as 2019, booked at NOK 4 500 000, as the management believes the company meets the conditions to be able to receive this grant.

9. Sales revenue

Business area	2021	2020
Platform and music streaming (intra-group)	1 371 193 721	1 217 107 608
Platform and music streaming (third party)	0	2 822 448
Total	1 371 193 721	1 219 930 056

Geographical distribution:

EU	728 210 498	727 884 285
USA	630 327 582	475 144 907
Rest of world	12 655 641	16 900 864
Total	1 371 193 721	1 219 930 056

10. Transactions with related parties

The company provides platforms, content services and licensed intellectual property to other companies in the group. Hence, there are extensive transactions with related companies. See note 9 for intra-group income.

11. Balance with companies in the same group

	2021	2020
Receivables		
Short-term receivables group companies	800 732 871	1 394 687 289
Debt		
Short-term debt to group companies	231 125 701	831 241 217
Interest		
Interest expense from group companies	2 076 132	0

The company does not have debt that is due later than five years after the end of the financial year. No due date has been agreed on for receivables and liabilities with group companies.



DocuSign Envelope ID: EECA5A54-AA86-4C5D-B2DF-3DDF27B0642D

Tidal Music AS

Notes to the accounts

31st of December 2021

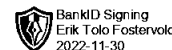
12. Financial income and financial costs

Financial income	2021	2020
Profit on foreign exchange from operational activities	96 131 604	39 881 201
Unrealized profit from foreign exchange	63 598 745	25 623 815
Other financial income	0	1 360
Total	159 730 349	65 506 376

Financial costs	2021	2020
Loss on foreign exchange from operational activities	32 530 105	59 926 015
Loss on foreign exchange on intra-group balances	25 433 392	72 524 142
Other financial expenses	2 804 384	788 306
Total	60 767 881	133 238 463

13. Other short-term debt

Other short-term debt	2021	2020
Accrued royalty costs	366 212 047	574 634 554
Accrued operating expenses	3 492 571	7 768 307
Accrued wage costs / holiday pay	14 195 543	11 223 195
Other short-term debt	116 206	42 021
ESPP Liability	1 374 525	0
Total	385 390 892	593 668 078



To the Shareholders of Tidal Music AS

Grant Thornton
Revisjon AS
Kirkegata 15
0153 Oslo
Org.nr. 987 632 380
T: +47 22 20 04 00
E: grant@no.gt.com

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Tidal Music AS (the Company), showing a profit of NOK 90 178 277. The financial statements comprise the balance sheet as at December 31, 2021, and the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of, (or present fairly, in all material respects)

the financial position of the Company as of December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

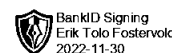
In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is materially inconsistency between the information in the Board of Directors' report and the financial

Grant Thornton Revisjon AS is a member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

www.grantthornton.no



An instinct for growth™



statements or our knowledge obtained in the audit, or the information in the Board of Directors' report otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Social Responsibility.

Responsibilities of the management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

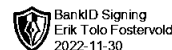
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.⁷
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



An instinct for growth™



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

The company's annual accounts and annual report were not submitted within the statutory deadline.

Oslo, 29.11.2022
Grant Thornton Revisjon AS

Erik Tolo Fostervold
State authorized public accountant
(Electronically signed)



Skatteetaten

Vår dato 10.05.2022	Din/Deres dato 22.03.2022	Saksbehandler Vibeke Horne
800 80 000 Skatteetaten.no	Din/Deres referanse AR481464375	Telefon 90518192
Org.nr 974761076	Vår referanse 2022/5292326	Postadresse Postboks 9200 Grønland 0134 OSLO

TIDAL MUSIC AS
Postboks 9097 Grønland
0133 OSLO

Att. Marte Ingulstad

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Tidal Music AS, org.nr. 993 741 345

Vi viser til deres brev mottatt 22. mars 2022 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Tidal Music AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Tidal Music AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Tidal Music AS er eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Selskapet driver virksomhet innen salg av musikk og drift av en musikkstrømmetjeneste.

Musikkindustrien er en internasjonal industri der arbeidsspråket er engelsk. All kommunikasjon foregår derfor på engelsk. Deler av styret er utenlandsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.